



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CLINTON COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
CLINTON COUNTY OFFICIALS	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS.....	7
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES	10
NOTES TO FINANCIAL STATEMENTS	12
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE.....	17
SCHEDULE OF OPERATING REVENUE	20
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES	29
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	41
COMMENTS AND RECOMMENDATIONS.....	45
APPENDIX A: CERTIFICATION OF COMPLIANCE – LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Charlene King, County Judge/Executive
Members of the Clinton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Clinton County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Clinton County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Clinton County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Clinton County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Charlene King, County Judge/Executive
Members of the Clinton County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Clinton County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying Comments and Recommendations, included herein, which discusses the following areas of noncompliance:

- Expenditures From The Road And Bridge Fund Should Be For Road Purposes Only
- Accurate Accounting Records Should Be Maintained By The County

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 1999, on our consideration of Clinton County, Kentucky's compliance with certain provisions of laws, regulations, contracts, grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 23, 1999

CLINTON COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Charlene King	County Judge/Executive
James Lawson	County Attorney
Jim Elmore	County Clerk
Ralph Groce	Circuit Court Clerk
Kay Riddle	Sheriff
Steve Wallace	Jailer
Billy Joe Coop	Property Valuation Administrator
Dallas Sidwell, Jr.	County Treasurer
Steve Talbott	Coroner
James F. Polston	Magistrate
Norman D. Asberry	Magistrate
Lester Wallace	Magistrate
Marvin Hay	Magistrate
Charlie Stearns	Magistrate
Carl Guffey	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

CLINTON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets

General Fund:

Cash \$ 243,161

Road and Bridge Fund:

Cash 219,366

Due From General Fund (Note 4) 114,330

Jail Fund:

Cash 20,825

Local Government Economic Assistance Fund:

Cash 36,301

Disaster and Emergency Services Fund:

Cash 1,192

Forest Fire Fund - Cash

13

Community Development Block Grant - Learning Center Fund:

Cash 575

Payroll Revolving Fund - Cash

2,567

Total Assets

\$ 638,330

Liabilities and Fund Balances

Liabilities

General Fund - Due to Road and Bridge Fund (Note 4)

\$ 114,330

Payroll Revolving Fund

2,567

Fund Balances

Reserved:

Forest Fire Fund 13

Community Development Block Grant - Learning Center Fund 575

Unreserved:

General Fund 128,831

Road and Bridge Fund 333,696

Jail Fund 20,825

Local Government Economic Assistance Fund 36,301

Disaster and Emergency Services Fund 1,192

Total Liabilities and Fund Balances

\$ 638,330

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CLINTON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 1,308,457	\$ 329,220	\$ 739,124	\$ 60,544
Transfers In	311,589	156,783		144,021
Total Cash Receipts	<u>\$ 1,620,046</u>	<u>\$ 486,003</u>	<u>\$ 739,124</u>	<u>\$ 204,565</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 1,254,237	\$ 319,432	\$ 475,798	\$ 287,488
Transfers Out	311,589	146,685	156,783	
Total Cash Disbursements	<u>\$ 1,565,826</u>	<u>\$ 466,117</u>	<u>\$ 632,581</u>	<u>\$ 287,488</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 54,220	\$ 19,886	\$ 106,543	\$ (82,923)
Cash Balance - July 1, 1997	467,213	223,275	112,823	103,748
Cash Balance - June 30, 1998	<u>\$ 521,433</u>	<u>\$ 243,161</u>	<u>\$ 219,366</u>	<u>\$ 20,825</u>

CLINTON COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Services Fund	Forest Fire Fund	Community Development Block Grant- Learning Center Fund
\$ 53,535	\$ 145	\$ 889	\$ 125,000
	10,400	385	
\$ 53,535	\$ 10,545	\$ 1,274	\$ 125,000
\$ 34,304	\$ 10,279	\$ 1,286	\$ 125,650
8,121			
\$ 42,425	\$ 10,279	\$ 1,286	\$ 125,650
\$ 11,110	\$ 266	\$ (12)	\$ (650)
25,191	926	25	1,225
\$ 36,301	\$ 1,192	\$ 13	\$ 575

The accompanying notes are an integral part of the financial statements.

CLINTON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Clinton County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Clinton County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The county met the requirements stated above, and as of June 30, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county's agent in the county's name.

Note 4. General Fund Transfer Due To Road and Bridge Fund

The county did not comply with KRS 47.020, 177.365, 179.415 and 186.535, which requires specific moneys of the Road and Bridge Fund to be expended for the purpose of construction, reconstruction, improvements, and maintenance of county roads and bridges. Our prior year audit

stated that the General Fund owed the Road and Bridge Fund \$104,572 as of June 30, 1997. The amount due the Road and Bridge Fund increased to \$114,330 as of June 30, 1998.

Note 5. Insurance

For the fiscal year ended June 30, 1998, Clinton County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

CLINTON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 324,729	\$ 329,220	\$ 4,491
Road and Bridge Fund	683,860	739,124	55,264
Jail Fund	57,999	60,544	2,545
Local Government Economic Assistance Fund	46,946	53,535	6,589
Disaster and Emergency Services Fund		145	145
Forest Fire Fund	1,300	889	(411)
Community Development Block Grant- Learning Center Fund	<u>639,511</u>	<u>125,000</u>	<u>(514,511)</u>
Total	<u>\$ 1,754,345</u>	<u>\$ 1,308,457</u>	<u>\$ (445,888)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 1,754,345
Add: Budgeted Prior Year Surplus			<u>433,369</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,187,714</u>

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SCHEDULE OF OPERATING REVENUE

CLINTON COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes</u> <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 88,913	\$ 88,024	\$	\$
County Clerk:				
Deed Transfer Tax	8,367	8,367		
Occupational Licenses	67	67		
Delinquent Taxes	2,851	2,851		
Excess Fees - 1997	5,692	5,692		
Tangible Personal Property Taxes:				
Other Counties	3,441	3,441		
County Clerk	27,321	27,321		
Bank Franchise Tax	20,500	20,500		
In Lieu of Taxes:				
Tennessee Valley Authority	6,453	6,453		
US Treasurer	8,755	8,755		
Totals	<u>\$ 172,360</u>	<u>\$ 171,471</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>				
Community Development Block				
Grant - Learning Center	\$ 125,000	\$	\$	\$
Disaster and Emergency Assistance				
Grant - 1997 Snow Removal	20,022		20,022	
Federal Disaster and Emergency				
Services/Emergency Management				
Agency Reimbursement	2,801	2,801		
Flood Control Receipts	46,070	46,070		
Totals	<u>\$ 193,893</u>	<u>\$ 48,871</u>	<u>\$ 20,022</u>	<u>\$ 0</u>

CLINTON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Services Fund	Forest Fire Fund	Community Development Block Grant- Learning Center Fund
<u>Fund</u>	<u>Services Fund</u>	<u>Fire Fund</u>	<u>Center Fund</u>

\$	\$	\$	889	\$
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<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>889</u>	<u>\$</u>	<u>0</u>
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\$	\$	\$		\$	125,000
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<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>125,000</u>
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CLINTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 42,302	\$	\$	\$ 42,302
Medical Allotments	3,461			3,461
Driving Under The Influence Fees	3,314			3,314
County Road Aid	446,607		446,607	
Transportation Cabinet Grant	112,110		112,110	
Truck License Distribution	151,651		151,651	
Omitted Taxes	118	118		
Public Service	1,467	1,467		
Strip Mine Permits	225	225		
Courthouse Rental - Administrative				
Office of the Courts	49,505	49,505		
Refunds:				
Legal Process Tax	57	57		
Drivers Licenses	899		899	
Severance Taxes:				
Mineral	52,545			
Board of Assessments	150	150		
Grant:				
Disaster and Emergency Assistance- Coordinator Salary	1,826	1,826		
Totals	\$ 866,237	\$ 53,348	\$ 711,267	\$ 49,077
<u>Miscellaneous Revenue</u>				
Interest	\$ 17,041	\$ 5,902	\$ 7,810	\$ 2,209
Circuit Court Clerk:				
Jail Cost	5,290			5,290
Jail:				
Telephone Commission Refunds	1,224			1,224
Licenses and Permits:				
Gas Franchise Fees	680	680		
Cable TV Franchise	29,879	29,879		

CLINTON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Services Fund	Forest Fire Fund	Community Development Block Grant- Learning Center Fund
\$	\$	\$	\$
52,545			
<u>\$ 52,545</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 975	\$ 145	\$	\$

CLINTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous</u> (Continued)				
Reimbursements	\$ 8,014	\$ 7,133	\$ 25	\$ 841
Rent	9,150	9,150		
Vending Machine Commissions	1,722	1,722		
Miscellaneous Items	2,967	1,064		1,903
Totals	\$ 75,967	\$ 55,530	\$ 7,835	\$ 11,467
Total Operating Revenue	\$ 1,308,457	\$ 329,220	\$ 739,124	\$ 60,544

CLINTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Services Fund	Forest Fire Fund	Community Development Block Grant- Learning Center Fund
\$ 15	\$	\$	\$
\$ 990	\$ 145	\$ 0	\$ 0
\$ 53,535	\$ 145	\$ 889	\$ 125,000

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

CLINTON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final</u> <u>Budget</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Under</u> <u>(Over)</u> <u>Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 48,700	\$ 48,494	\$ 206
Deputy County Judge/Executive	15,410	14,778	632
Finance Officer	10,790	8,425	2,365
Assistant	1,902	1,892	10
Advertising	4,000	2,909	1,091
Office Materials and Supplies	5,950	5,940	10
Postage	500	416	84
Registration and Conferences	2,000	180	1,820
Telephone	4,600	4,473	127
Travel	900	782	118
Office of County Attorney:			
Salaries-			
County Attorney	12,000	11,525	475
Domestic Violence Issues	3,900	3,884	16
Secretaries	13,000	11,921	1,079
Travel	500		500
Miscellaneous	1,000	49	951
Office of County Clerk:			
Fiscal Court Clerk Salary	1,100	1,080	20
Tax Bill Preparation	1,000	931	69
Office of Sheriff:			
Repair of Equipment	100		100
Insurance for Vehicles	3,080	3,079	1
Materials and Supplies	3,000	2,523	477
Telephone	1,100	859	241
Utilities	600		600
Fiscal Court:			
Magistrates -			
Salaries	193,033	19,535	173,498

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Fiscal Court (Continued):			
Legal Advertising	\$ 4,000	\$ 711	\$ 3,289
Custodial Supplies	7,125	7,117	8
Office of Property Valuation Administrator:			
Statutory Contribution	9,007	9,007	
Office of Board of Assessment Appeals:			
Per Diem	400	300	100
Office of County Treasurer:			
County Treasurer Salary	15,862	15,768	94
Computer Programmer	1,200	1,200	
Data Processing:			
Supplies	2,000	292	1,708
Equipment	600		600
County Law Library:			
Law Librarian Salary	615	615	
Elections:			
Per Diem-			
Election Commissioners	3,360	3,360	
Election Officers	4,500	4,440	60
Election Tabulators	500	420	80
Contracts With Private Agencies	5,472	5,472	
Courthouse:			
Custodial Personnel	14,550	14,068	482
Maintenance and Repairs-			
Courthouse	2,000	1,364	636
Equipment	4,600	4,009	591
Water and Sewer	1,200	1,146	54
Electric	15,000	14,106	894
Gas	500		500

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Health and Sanitation</u>			
Dog Control:			
Dog Warden Salary	\$ 600	\$	\$ 600
Solid Waste Collection:			
Coordinator Salary	1,288	1,261	27
Travel	300	218	82
<u>Social Services</u>			
Public Advocacy:			
Payments to Government Agencies	1,150	1,142	8
<u>Administration</u>			
General Services:			
Audit Services	11,664	11,664	
Insurance-			
Building and Contents	5,480	5,242	238
Errors and Omissions	2,000	2,000	
Liability	15,260	15,255	5
Fidelity and Surety Bonds	8,000	7,620	380
Vehicle	3,080	3,079	1
Other Insurance	10,152	10,151	1
Memberships-Area Development District	575	566	9
Memberships-Kentucky Association of Counties	800	800	
Other Memberships	1,650	1,210	440
Contingent Appropriations:			
Reserve For Transfer	14,428		14,428
Fringe Benefits:			
County Contributions-			
Social Security	23,360	11,166	12,194
Retirement	28,390	17,460	10,930
Worker's Compensation	3,600	3,528	72
Unemployment Insurance	2,400		2,400
Total General Fund	\$ 554,833	\$ 319,432	\$ 235,401

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>General Government</u>			
Fiscal Court:			
Magistrates -			
Expense and Travel Allowance	\$ 32,400	\$ 21,600	\$ 10,800
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	16,500	15,759	741
Travel	500		500
Road Maintenance:			
Salaries-			
Equipment Operators	37,080	26,549	10,531
Road Labor	65,800	64,955	845
Clerk	13,000	12,908	92
Maintenance and Repairs-			
Building	4,000	373	3,627
Equipment	11,000	1,945	9,055
Gasoline	12,000	8,970	3,030
Motor Vehicle Parts	10,000	8,410	1,590
Machinery and Equipment-			
New Road Machinery	50,000	31,108	18,892
Road Materials	275,587	203,976	71,611
Petroleum Products	500	137	363
Pipe	8,600	8,576	24
Signs	3,000	2,525	475
Tires and Tubes	2,000	757	1,243
Uniforms	5,000	4,766	234
Utilities-County Garage	3,000	2,389	611
Miscellaneous	4,500	3,950	550

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Administration</u>			
General Services:			
Audit	\$ 2,000	\$ 2,000	\$
Insurance-			
Property and Errors and Omissions	15,500	15,430	70
Vehicles and Equipment	12,500	11,466	1,034
Fringe Benefits:			
County Contributions-			
Retirement	12,360	10,303	2,057
Social Security	14,000	12,281	1,719
Worker's Compensation	12,000	4,665	7,335
Unemployment Insurance	4,250		4,250
Total Road and Bridge Fund	<u>\$ 627,077</u>	<u>\$ 475,798</u>	<u>\$ 151,279</u>

JAIL FUND

Protection to Persons and Property

Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 15,375	\$ 15,375	\$
Assistants	38,110	38,020	90
Operations-			
Contracts With Other Counties	43,660	43,261	399
Maintenance and Repairs-			
Building	1,500	1,339	161
Jail Van	500	281	219
Vehicles	310	310	
Routine Medical	33,400	32,520	880
Pest Control	600	120	480
Indigent Services	500		500
Building Maintenance Supplies	1,500	1,194	306
Custodial Supplies	2,605	2,217	388
Food Preparation and Serving Supplies	500	327	173
Food	17,290	17,180	110

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Protection to Persons and Property (Continued):</u>			
Office of Jailer (Continued):			
Operations (Continued)-			
Gasoline	\$ 750	\$ 501	\$ 249
Linens	1,000	586	414
Office Supplies	200	88	112
Personal Hygiene	500		500
Plumbing Supplies	200		200
Prisoner Clothing	200		200
Uniforms	2,810	2,158	652
Postage	200		200
Printing	875		875
Telephone	2,600	2,476	124
Travel	700	202	498
Water and Sewer	1,500	1,122	378
Electric	3,000	2,833	167
Juvenile Detention:			
Contracts With Other Counties	5,000	1,170	3,830
Food	200		200
<u>Capital Projects</u>			
Buildings and Construction:			
Engineering Services	1,058		1,058
Maintenance and Repairs-			
Building	33,099	32,627	472
Equipment	74,725	74,629	96
General Services:			
Insurance-			
Building	1,100	1,039	61
Errors and Omissions	5,390	5,387	3
Bond Premiums	120		120
Vehicles and Equipment	800	770	30

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 91	\$	\$ 91
Fringe Benefits:			
County Contributions-			
Retirement	5,750	3,394	2,356
Social Security	5,050	3,425	1,625
Worker's Compensation	3,000	2,937	63
Total Jail Fund	<u>\$ 305,768</u>	<u>\$ 287,488</u>	<u>\$ 18,280</u>

LOCAL GOVERNMENT ECONOMIC
 ASSISTANCE FUND

General Government

Office of Coroner:

Salaries-			
County Coroner	\$ 4,100	\$ 4,099	\$ 1
Deputy Coroner	1,275	1,262	13
Expense	2,000	1,609	391
Custodial Supplies	500		500

Recreation and Culture

Parks:

Renewals and Repairs	5,600	5,379	221
Utilities	1,500	1,485	15

Public Libraries:

Library Services	5,000	4,993	7
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Tourist and Convention:

Community Center-			
Maintenance and Repairs	3,100	2,422	678
Utilities	13,925	12,035	1,890

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)</u>			
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 10,295	\$	\$ 10,295
Fringe Benefits:			
County Contributions-			
Retirement	355	355	
Social Security	400	394	6
Worker's Compensation	400	271	129
Unemployment Insurance	375		375
Total Local Government Economic Assistance Fund	\$ 48,825	\$ 34,304	\$ 14,521
<u>DISASTER AND EMERGENCY SERVICES FUND</u>			
<u>Protection to Persons and Property</u>			
Disaster and Emergency Services:			
Coordinator Salary	\$ 6,625	\$ 6,623	\$ 2
Rentals	2,425	2,400	25
Miscellaneous	843	749	94
<u>Administration</u>			
Fringe Benefits (Employer Share):			
Social Security	507	507	
Total Disaster and Emergency Services Fund	\$ 10,400	\$ 10,279	\$ 121
<u>FOREST FIRE FUND</u>			
<u>Protection to Persons and Property</u>			

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
Forest Resource Services	\$ 1,300	\$ 1,286	\$ 14
 <u>COMMUNITY DEVELOPMENT</u> <u>BLOCK GRANT- LEARNING</u> <u>CENTER FUND</u>			
Other Cultural Programs:			
Buildings and Construction	\$ 639,511	\$ 125,650	\$ 513,861
TOTAL BUDGET - ALL FUNDS	<u>\$ 2,187,714</u>	<u>\$ 1,254,237</u>	<u>\$ 918,956</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Charlene King, County Judge/Executive
Members of the Clinton County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Clinton County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated June 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying Comments and Recommendations.

- Expenditures From The Road And Bridge Fund Should Be For Road Purposes Only

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clinton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Clinton County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Comments and Recommendations.

- Accurate Accounting Records Should Be Maintained By The County

Honorable Charlene King, County Judge/Executive
Members of the Clinton County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the lack of accurate accounting records to be a material weakness.

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 23, 1999

COMMENTS AND RECOMMENDATIONS

CLINTON COUNTY
COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 1998

NONCOMPLIANCES WITH STATE LAWS AND REGULATIONS

Expenditures From The Road and Bridge Fund Should Be For Road Purposes Only

The county did not comply with KRS 47.020, 177.365, 179.415 and 186.535, which requires specific moneys of the Road and Bridge Fund to be expended for the purpose of construction, reconstruction, improvements, and maintenance of county roads and bridges. Our prior year audit stated that the General Fund owed the Road and Bridge Fund \$104,572 as of June 30, 1997. As of June 30, 1998, none of this amount had been paid to the Road and Bridge Fund. During our audit period, the county transferred \$156,783 of its Road and Bridge Fund budget ratio to the General Fund. Guidelines of the Department for Local Government state that the total of road fund dollars appropriated must not exceed budgeted truck license distribution receipts. For fiscal year ended June 30, 1998, the budgeted truck license distribution receipts totaled \$151,651. Therefore an excess of \$5,132 was transferred from the Road and Bridge Fund to the General Fund. In addition, the fiscal court reviewed and paid a general operating obligation for vehicle insurance in the amount of \$4,626 from the Road and Bridge Fund. As of June 30, 1998, the following amounts are due to the Road and Bridge Fund:

Vehicle Insurance	\$ 4,626
Over Payment of Road and Bridge Fund Cost Allocation	5,132
Total Prior Year (Current Administration)	34,757
Total Prior Year (Prior Year Administration)	<u>69,815</u>
 Total General Fund Amount Due Road and Bridge Fund	 <u>\$ 114,330</u>

The County Judge/Executive has made a motion in the fiscal court meeting on three different occasions to transfer these funds back to the Road and Bridge Fund. Each time the motion has failed due to lack of a second. We recommend that \$114,330 be returned to the Road and Bridge Fund as soon as possible.

Management's Response:

Agree. Insurance calculations were made by County Treasurer.

INTERNAL CONTROL

Accurate Accounting Records Should Be Maintained By The County

The county's budget appropriation ledger was not correctly posted; thus, resulting in an inaccurate county financial statement. Two voided checks totaling \$434 were posted to the Jail Fund and one voided check in the amount of \$25 was posted to the LGEA Fund. In addition, receipts totaling \$3 were not posted to the Forest Fire Fund and expenditures totaling \$2,058 for flowers and Christmas decorations were inaccurately posted to the County Judge/Executive office supply account. Finally, auditors had to reclassify several recorded receipts. We recommend that accurate records be maintained in the future and that all expenditures be posted to the proper budget appropriation ledger accounts.

CLINTON COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 1998
(Continued)

INTERNAL CONTROL (Continued)

Accurate Accounting Records Should Be Maintained By The County (Continued)

Management's Response:

Agree

PRIOR YEAR FINDINGS

In the prior year audit report, we reported that expenditures from the Road and Bridge Fund did not comply with Kentucky Revised Statutes and that accurate accounting records were not maintained. These findings have not been corrected and are commented upon the prior page. The county corrected the other prior year finding concerning bid agreements and having proper documentation for all expenditures.

CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

CLINTON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998


CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS

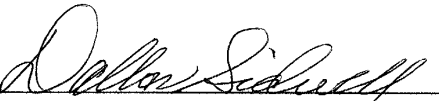
CLINTON COUNTY FISCAL COURT

June 30, 1998

The Clinton County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Name

County Judge/Executive


Name

County Treasurer